



SLEEP CYCLE PROPOSES TO ACQUIRE AUDIOWELL THROUGH A NEW ISSUE OF SHARES AGAINST NON-CASH CONSIDERATION

The Board of Directors^[1] of Sleep Cycle AB (publ) ("Sleep Cycle" or the "Company") announces today a clearer strategic focus on the wellness market by proposing that an extraordinary general meeting of the Company resolve to acquire all shares in Audiowell AB ("Audiowell") for a purchase price of SEK 2,255 million, to be paid by way of a new issue of 92,042,212 new shares in Sleep Cycle against non-cash consideration at a subscription price of SEK 24.50 per share (the "Transaction" and the "Non-Cash Issue", respectively), which represents a premium of 22.62 per cent relative to the closing price as of 8 October 2026. The valuation of Audiowell is supported by an independent valuation report from KPMG AB and by an independent second opinion from Astelia Advisory AB. Provided that the general meeting resolves in accordance with the Board's proposal, the Non-Cash Issue will result in a dilution of approximately 82 per cent for Sleep Cycle's existing shareholders in relation to the total number of outstanding shares and votes following completion of the Transaction. Through the Transaction, Audiowell Group AB will receive approximately 82 per cent of the shares and votes in the Company, which gives rise to a mandatory bid obligation.

On 11 May 2026, Snark BidCo AB ("**Snark BidCo**"), a company controlled by Altor Fund V (No. 1) AB and Altor Fund V (No. 2) AB ("**Altor Fund V**"), managed by Altor Fund Manager AB (together with Altor Fund V, "**Altor**"), announced a public takeover offer to the shareholders of Sleep Cycle (the "**Offer**"). The Offer was completed in July 2026 and, as of the date of this press release, Snark BidCo controls 16,119,794 shares, corresponding to 79.5 per cent of the share capital and votes in Sleep Cycle. Following Altor's entry, through Snark BidCo, as new principal shareholder of Sleep Cycle, a shift in the Company's strategic focus has been initiated with the aim of broadening the customer offering towards the larger market for so-called wellness. The Transaction constitutes the next step in the implementation of this strategy.

Sleep Cycle has a world-leading platform for sleep tracking and analysis which, together with Audiowell's extensive catalogue of so-called "lifestyle music", is expected to open up new offerings to both new and existing customers. Bringing together the businesses of Sleep Cycle and Audiowell is also expected to create mutual benefits and shared capabilities catering to the global trend of growing interest in wellness, which the Board considers to be of benefit to the Company's business.

- *"We are convinced that the combination of Sleep Cycle's world-leading technology platform and Audiowell's extensive catalogue of music has the potential to increase growth in both existing and new markets,"* says Anna Bäck, member of the Board of Directors of Sleep Cycle.
- *"I look forward to continuing to develop our joint offering in media and technology together with my future colleagues at Sleep Cycle, to help our customers feel better in their everyday lives,"* says Gustav Forssell, CEO of Audiowell.



Effects of the Transaction

The table below sets out certain financial information for Sleep Cycle and Audiowell, respectively, for the full year 2025 and for the combined business.

Full year 2025, SEK million	Sleep Cycle	Audiowell	Combined
Net sales	247.9	377.5	625.4
Operating profit	66.0	216.3	282.3
Operating margin, %	26.6	57.3	45.1
Total assets	200.2	323.1	523.3

The financial information for the combined business constitutes a simple aggregation of the financial information of each company and has not been prepared in accordance with IFRS. Sleep Cycle applies IFRS and Audiowell applies K3, and the financial information is therefore not fully comparable. The financial information regarding Audiowell is further attributable to Audiowell AB with its subsidiaries. Audiowell AB does not prepare consolidated financial statements, and the information therefore cannot be derived directly from Audiowell AB's annual report. The information is presented for illustrative purposes only and has not been reviewed by the auditors of Sleep Cycle or Audiowell.

The Company's financial targets may be reviewed in light of the Transaction.

The Transaction constitutes a so-called reverse merger, whereby Audiowell becomes a wholly-owned subsidiary of Sleep Cycle. Audiowell Group AB, which as of the date of this press release owns all shares in Audiowell, will hold approximately 82 per cent and Sleep Cycle's existing shareholders approximately 18 per cent of the total number of shares and votes in Sleep Cycle following completion of the Transaction.

Through the Transaction, Audiowell Group AB will replace Snark BidCo as the Company's direct controlling shareholder. Audiowell Group AB thereby passes the threshold for a mandatory bid obligation, with an obligation to launch a public takeover offer for the remaining shares in Sleep Cycle within four weeks from completion of the Transaction. Audiowell Group AB has informed Sleep Cycle that the price in the mandatory offer will amount to SEK 24.50 per share. With regard to any remaining minority shareholders, Altor is in parallel examining the conditions for Sleep Cycle to be able to remain in a public environment and for a delisting to be avoided.

Following completion of the Transaction, Audiowell will be a wholly-owned subsidiary of Sleep Cycle and will initially continue to operate in its existing form under its own brand. Following completion of the Transaction, the combined group is expected to have approximately 41 full-time employees. The intention is to retain both Sleep Cycle's and Audiowell's brands, but a certain degree of organisational integration of the businesses will take place. The precise degree of integration will be evaluated following completion of the Transaction.



The Transaction is not expected to result in any changes to the Board of Directors of Sleep Cycle. In connection with the Transaction, Gustav Forssell, CEO of Audiowell, is intended to be appointed as new CEO of Sleep Cycle. Mikael Kågebäck, who is currently acting CEO, will continue in his role as CTO.

About Audiowell

Audiowell is an independent record label and music publisher focusing on the production, development and distribution of lifestyle music via streaming platforms. Audiowell was founded in 2013 and has offices in Stockholm with approximately 18 employees. Audiowell is wholly owned by Audiowell Group AB, in which Altor is an indirect minority shareholder alongside, among others, the founders. For the full year 2025, Audiowell's net sales amounted to SEK 378 million and operating profit to SEK 216 million, corresponding to an operating margin of 57 per cent.^[2]

Terms of the Transaction and financing

The purchase price for Audiowell amounts to SEK 2,255 million and shall be paid in its entirety through the Non-Cash Issue, whereby the Board of Directors proposes that an extraordinary general meeting resolve on an issue of 92,042,212 shares in Sleep Cycle at a subscription price of SEK 24.50 per share, which corresponds to the offer price in the Offer made by Snark BidCo on 11 May 2026.

The closing price of the Company's share on Nasdaq Stockholm as of 8 October 2026 was SEK 19.98. The volume-weighted average price during the period from and including 28 August 2026 up to and including 8 October 2026 (30 trading days) was SEK 21.98. The subscription price thus represents a premium of 22.62 per cent relative to the closing price and of 11.47 per cent relative to the volume-weighted average price. Against this background, the Board of Directors considers the subscription price to be on market terms.

The Non-Cash Issue is directed to Audiowell Group AB, which as of the date of this press release owns all shares in Audiowell, and payment for the new shares is made by way of a contribution of non-cash consideration comprising all 25,000 shares in Audiowell.

The value of the shares in Audiowell of SEK 2,255 million is supported by an independent valuation report regarding Audiowell from KPMG AB, obtained by the Board of Directors, and by an independent second opinion from Astelia Advisory AB, obtained on behalf of the independent directors Anna Bäck, Henrik Torstensson and Steve Savoca, who have alone prepared and handled the matter. A summary of the valuation and a summary of the second opinion will be published ahead of the extraordinary general meeting.

Ahead of the Transaction, a high-level legal due diligence review of Audiowell has been carried out by the Company. In connection with the Non-Cash Issue, Audiowell Group AB provides customary fundamental warranties regarding title to the non-cash consideration and corporate matters in Audiowell and its subsidiaries.



Completion of the Transaction is conditional upon (i) an extraordinary general meeting resolving on the Non-Cash Issue and on amendments to the limits for the share capital and the number of shares in the articles of association (the resolutions being conditional upon each other), and (ii) approvals being obtained from authorities for foreign direct investments (FDI). The Transaction is expected to be completed during the fourth quarter of 2026.

Through the Non-Cash Issue, the number of shares and votes in Sleep Cycle will increase by 92,042,212 shares, from 20,277,563 shares to 112,319,775 shares, and the share capital will increase by SEK 2,556,728.111116, from SEK 563,265.638890 to SEK 3,119,993.750006. Provided that the general meeting resolves in accordance with the Board's proposal, the Non-Cash Issue will result in a dilution of approximately 82 per cent for existing shareholders in relation to the total number of outstanding shares and votes in Sleep Cycle following completion of the Transaction.

Extraordinary general meeting

Completion of the Transaction is conditional upon an extraordinary general meeting resolving on the Non-Cash Issue and on amendments to the limits for the share capital and the number of shares in the articles of association. A valid resolution to amend the articles of association requires the support of shareholders representing at least two thirds of both the votes cast and the shares represented at the extraordinary general meeting. A valid resolution on the Non-Cash Issue requires the support of shareholders representing more than half of the votes cast at the extraordinary general meeting.

The extraordinary general meeting dealing with the Transaction is expected to be held on 11 November 2026. The notice of the extraordinary general meeting will be published today by Sleep Cycle by way of a separate press release.

Sleep Cycle's principal shareholder, Snark BidCo, which controls 16,119,794 shares, corresponding to 79.5 per cent of the share capital and votes in Sleep Cycle, has announced that Snark BidCo will vote in favour of the Transaction at the extraordinary general meeting. The Swedish Securities Council has confirmed in its statement AMN 2026:25 that it is compatible with good practice in the securities market for Snark BidCo to vote for its shares at the general meeting dealing with the Non-Cash Issue.

Conflicts of interest

Altor owns approximately 48.5 per cent of the shares in Audiowell Group AB. Sleep Cycle's directors Andreas Källström Säfweräng and Matilda Elfving Hauan are employed by Altor and are Chairman of the Board and deputy director, respectively, of Audiowell Group AB and have therefore, due to a conflict of interest, not participated in the preparation, handling or decision for Sleep Cycle regarding the Transaction.



Advisers

In connection with the Transaction, Sleep Cycle has engaged Setterwalls Advokatbyrå as legal adviser, KPMG AB for the preparation of an independent valuation report regarding Audiowell and Astelia Advisory AB for the preparation of an independent second opinion on KPMG's valuation report.

For more information, please contact:

Mikael Kågebäck | CTO and acting CEO

mikael.kageback@sleepcycle.com

Elisabeth Hedman | CFO & Head of IR

elisabeth.hedman@sleepcycle.com | +46 76 282 8958

About Sleep Cycle

Sleep Cycle is dedicated to making healthy sleep accessible to everyone. Our app helps users to build hero habits, identify potential sleep issues, and gain valuable insights into their sleep patterns. Leveraging patented sound technology and over 4 billion analyzed sleep sessions, Sleep Cycle provides great accuracy and personalized guidance. As part of its broader partnership program, Sleep Cycle offers company partnerships including in-app promotions, tailored SDK solutions, and an extensive data library, enabling businesses to expand their offerings with sleep solutions and insights. Sleep Cycle is listed on Nasdaq Stockholm under the ticker SLEEP, with its headquarters in Gothenburg, Sweden.

[1] Altor owns approximately 48.5 per cent of the shares in Audiowell Group AB. Sleep Cycle's directors Andreas Källström Säfwerång and Matilda Elfving Hauan are employed by Altor and are Chairman of the Board and deputy director, respectively, of Audiowell Group AB and have therefore, due to a conflict of interest, not participated in the preparation, handling or decision for Sleep Cycle regarding the Transaction. With respect to the Transaction, "the Board of Directors" in this press release refers, unless otherwise stated, to the independent directors Anna Bäck, Henrik Torstensson and Steve Savoca, who have participated in the Board's preparation, handling and decision.

[2] The financial information regarding Audiowell is attributable to Audiowell AB with its subsidiaries. Audiowell AB does not prepare consolidated financial statements, and the information therefore cannot be derived directly from Audiowell AB's annual report. The information is presented for illustrative purposes only and has not been reviewed by the auditors of Sleep Cycle or Audiowell.

This information is information that Sleep Cycle is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2026-10-09 08:00 CEST.